

**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Application of)
)
)

UNITED AIR LINES, INC.)
)

for renewal of an exemption pursuant to)
49 U.S.C. § 40109 (Washington, D.C.-Cancun))
)

Docket OST-03-16210

REPLY OF UNITED AIR LINES, INC.

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DATED: July 29, 2005

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On July 8, 2005, United Air Lines, Inc. ("United") applied in this docket for renewal of exemption authority it holds to provide scheduled combination service between Washington's Dulles International Airport and Cancun, Mexico.^{1/} Even though United has used this authority continuously since it was initially granted by the Department in October of 2003, and its application for renewal is supported by the Metropolitan Washington Airports Authority,^{2/} AirTran Airways ("FL") opposes United's application.^{3/}

^{1/} United has pending in Docket OST-99-5846 an application seeking inter alia an amendment of its certificate for Route 566 to include a Washington, D.C.-Cancun segment.

^{2/} See Answer of the Metropolitan Washington Airports Authority dated July 18, 2005.

^{3/} See Answer of AirTran Airways dated July 25, 2005.

In opposing United's application, the arguments FL makes are essentially identical to claims it made in Docket OST-02-13527, where it is opposing an application USA 3000 Airlines filed to amend an exemption it holds to provide scheduled service between Baltimore and Cancun to include Washington, D.C. as a U.S. gateway. United has already responded to FL's arguments in pleadings it filed in Docket OST-02-13527, wherein United showed that FL's position is fundamentally inconsistent with long-standing Department precedent and utterly without merit -- if not actually frivolous -- in public interest and transportation policy terms.^{4/} Simply repeating unsound arguments in another docket, as FL has done, does not improve their standing.

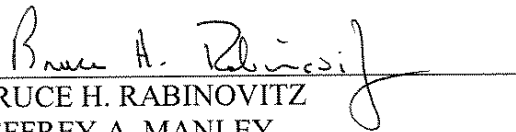
United continues to operate daily nonstop service between its hub at Washington Dulles and Cancun. Its application to renew the exemption it needs to continue operating these services is fully consistent with the public interest and Department precedent, as FL must surely know despite its opposition to United's application.^{5/} The

^{4/} See United Answer dated May 23, 2005, and Reply dated June 14, 2005, in docket OST-02-13527. For the Department's convenience, United has attached copies of these pleadings, hereto, and incorporates them herein by reference.

^{5/} FL's real objection, of course, is to the restrictive terms of the U.S.-Mexico Air Services Agreement, not to the renewal of United's authority to operate between Washington Dulles and Cancun, an airport-to-airport route FL does not even propose to serve. United, like FL, supports liberalization of the U.S.-Mexico bilateral. Pending such liberalization, however, there is no precedent for divesting a carrier of operating authority it is using to serve a limited-entry route simply because some "Johnny-come-lately" airline like FL suddenly develops an appetite to serve the route. On the contrary, as United demonstrated in the pleadings attached hereto, the Department's long-standing precedent is to the contrary. If FL wants authority to operate between Baltimore's BWI Airport and Cancun, it should continue to work within the system, as United is doing, to help achieve liberalization of the U.S.-Mexico Air Services Agreement to permit more

Department should, therefore, move forward expeditiously to grant United's renewal application.

Respectfully submitted,



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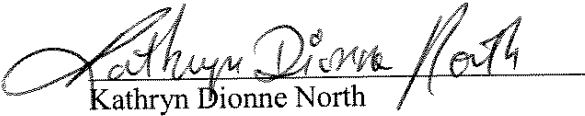
Counsel for
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U.S.-flag service over the Baltimore/Washington (and other) routes, rather than to continue filing baseless objections to the renewal applications its competitors must file periodically with DOT to comply with DOT's current licensing policies. In the meantime, FL is free to operate BWI-Cancun service via Atlanta, which should bring to local Baltimore/Washington-area travelers the supposed price benefits FL touts in its Answer.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Reply of United Air Lines, Inc. on all persons named on the attached Service List by causing a copy to be sent via email or first-class mail, postage prepaid.


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DATED: July 29, 2005

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